

<i>SERFF Tracking Number:</i>	<i>NAVG-125656364</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Navigators Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>LUMP-R-0508-AR</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Lumber Property</i>		
<i>Project Name/Number:</i>	<i>Lumber Property New Program Rates/LUMP-R-0508-AR</i>		

Filing at a Glance

Company: Navigators Insurance Company

Product Name: Lumber Property

TOI: 01.0 Property

Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Filing Type: Rate/Rule

SERFF Tr Num: NAVG-125656364 State: Arkansas

SERFF Status: Closed

Co Tr Num: LUMP-R-0508-AR

Co Status:

Author: Sean Hayes

Date Submitted: 05/20/2008

State Tr Num: EFT \$100

State Status: Fees verified and received

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Disposition Date: 05/29/2008

Disposition Status: Exempt from Review

Effective Date Requested (New): On Approval

Effective Date Requested (Renewal): On Approval

Effective Date (New): 05/29/2008

Effective Date (Renewal): 05/29/2008

State Filing Description:

General Information

Project Name: Lumber Property New Program Rates

Project Number: LUMP-R-0508-AR

Reference Organization:

Reference Title:

Filing Status Changed: 05/29/2008

State Status Changed: 05/29/2008

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

This filing introduces Navigators Insurance Company's new Lumber Insurance Program. The program has been designed to meet the property, inland marine, crime, automobile and general liability needs of those operations involved in producing lumber products, beginning at the sawmill and terminating with wholesale distribution. The program will also provide this protection to medium and small retail building materials distributors. This memorandum and supporting

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documentation addresses proposed amendments to the property rules and rating. Other lines of business will be written using ISO filed rates, rules and forms or deviations previously submitted and approved by you for use by Navigators Insurance Company.

The Underwriting Manual was previously submitted and approved by your state under filing number LUM-R-0508-AR

Company and Contact

Filing Contact Information

Sean Hayes, Compliance Analyst
1375 E. Woodfield Rd.
Schaumburg, IL 60173

shayes@navg.com
(847) 285-9042 [Phone]
(847) 230-1934[FAX]

Filing Company Information

Navigators Insurance Company
1375 E. Woodfield Rd.
Schaumburg, IL 60173

CoCode: 42307	State of Domicile: New York
Group Code: 510	Company Type: P&C
Group Name: Navigators Group, Inc.	State ID Number:
FEIN Number: 13-3138390	

(847) 285-9006 ext. [Phone]

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	Filing of rates.
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Navigators Insurance Company	\$100.00	05/20/2008	20409555

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	05/29/2008	05/29/2008

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Disposition

Disposition Date: 05/29/2008

Effective Date (New): 05/29/2008

Effective Date (Renewal): 05/29/2008

Status: Exempt from Review

Comment:

This line is exempt from filing rates/rules in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rates/rules filing and review requirements.

Rate data does NOT apply to filing.

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TOI:	01.0 Property	Sub-TOI:	01.0001 Commercial Property (Fire and Allied Lines)
Product Name:	Lumber Property		
Project Name/Number:	Lumber Property New Program Rates/LUMP-R-0508-AR		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Rate Making Rationale	Accepted for Informational Purposes	Yes
Rate	AR Property Rate Page 0508	Accepted for Informational Purposes	Yes

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Rate Information

Rate data does NOT apply to filing.

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Accepted for Informational Purposes	AR Property Rate Page 0508		New	Arkansas Property Rate Page.pdf

NAVIGATORS SPECIALTY PROGRAM DIVISION

Smith, Bell & Thompson	Lumber Insurance Plan State Rate Page	Effective:
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Arkansas RATE EXCEPTIONS

Classifications: This program includes manufacturers, distributors and other risks associated with wood product operations. Navigators Insurance Company will use ISO rates, rules, and forms except where noted.

Property Rates: The following loss costs are to be used for Building in lieu of ISO loss costs.

Finished Products Minimum Rates								
	Protection Class							
Construction	1-3		4-5		6-7		8-10	
1	.563	.248	.619	.315	.731	.394	.956	.675
2	.360	.236	.428	.259	.551	.338	.788	.675
3	.248	.225	.315	.225	.360	.281	.506	.394
4	.225	.225	.248	.225	.270	.248	.394	.338
Primary Products Minimum Rates								
Construction	1-3		4-5		6-7		8-10	
1	1.125	.563	1.294	.619	1.406	.675	1.688	.900
2	.900	.394	1.013	.506	1.125	.619	1.350	.788
3	.675	.394	.844	.450	.956	.563	1.238	.675
4	.563	.338	.675	.394	.788	.450	1.013	.563
Retail/Wholesale Minimum Rates								
Construction	1-3		4-5		6-7		8-10	
1	.315	.236	.338	.259	.428	.315	.563	.428
2	.270	.203	.248	.214	.383	.270	.529	.338
3	.225	.203	.248	.203	.315	.203	.371	.281
4	.225	.203	.248	.203	.270	.203	.315	.225

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TOI: *01.0 Property* *Sub-TOI:* *01.0001 Commercial Property (Fire and Allied Lines)*

Product Name: *Lumber Property*
Project Name/Number: *Lumber Property New Program Rates/LUMP-R-0508-AR*

Supporting Document Schedules

Satisfied -Name: Rate Making Rationale **Review Status:**
Accepted for Informational 05/29/2008
Purposes

Comments:
Attachment:
Property Rate Making Rationale.pdf

**NAVIGATORS INSURANCE COMPANY
LUMBER INSURANCE PROGRAM
RATE MAKING RATIONALE**

For the past several years, various markets have written lumber insurance through a managing general agent. That agent now seeks to write business through Navigators Insurance Company on a program basis. Navigators Insurance Company has not typically written lumber business. Historically we have written specialty lines including but not limited to ocean and inland marine, contractors, professional liability and umbrella.

Since Navigators has no experience in the lumber industry, we are not able to base our proposed rating plan on company experience. We have therefore utilized the historical data available to us and based on underwriting judgment, have established that the proposed loss cost adjustments will allow us to enter the market at a reasonably competitive level. This will allow us to build our book and closely monitor our own experience to determine if future loss cost adjustments may be indicated.

We were able to obtain the average rates historically charged by various markets used by the MGA. Using these rates as a basis, we determined that our proposed loss cost modifications will allow us to present Navigators Lumber Insurance Program to the marketplace. We then test rated a number of policies to ensure that Navigators rating structure provided a smooth transition at renewal. As a result, the proposed Lumber Program provides insured's with the same coverages at a comparable premium.

Additionally, we took into consideration the overall loss experience of the book. Below is the Property Loss Experience as provided by our MGA and evaluated as of March 2008. Historical data is valued at approximately July of 2007.

Property

CY /	Earned	Incurred	Ultimate	<u>Loss Ratio</u>	
<u>AY</u>	<u>Premium</u>	<u>Losses</u>	<u>Losses</u>	<u>Inc'd.</u>	<u>Ult.</u>
2003	1,432,167	388,362	388,362	27.1%	27.1%
2004	2,225,583	429,704	429,704	19.3%	19.3%
2005	1,538,833	644,830	644,830	41.9%	41.9%
2006	<u>1,858,875</u>	<u>716,017</u>	<u>716,017</u>	<u>38.5%</u>	<u>38.5%</u>
Total	7,055,458	2,178,913	2,178,913	30.9%	30.9%

Allowing for the age of the data and our MGA's inability to acquire updated information, we estimate that with the proposed loss cost changes, Navigators

expected loss ratio for this program is approximately the same as the historical overall ultimate loss ratio.

The lumber book of business will be underwritten by the same MGA that currently manages the book so the underwriting practices underlying our anticipated results will continue. Our underwriting judgment, experience review and rate comparison to the current marketplace lead us to believe that the proposed program rates are reasonable, not excessive and not unfairly discriminatory. As with any program, we will monitor the proposed rates as the experience for this coverage matures to ensure that the rate is adequate and not excessive.